

Brown bows to pressure over pensions

BY ANDREW GRICE
AND BARRIE CLEMENT

GORDON BROWN will announce a bumper increase in the basic state pension in the next two months to try to quell the widespread anger over the 75p-a-week rise this April.

The Chancellor will bow to intense cabinet pressure, led by Tony Blair, by including a generous package of measures to help all Britain's 11 million pensioners in his draft Budget statement due in November.

Although no final decision has been taken, Mr Brown could raise the £67.50 a week basic pension by as much as £5 for a single person next April, with the £107.90 now paid to a couple rising by about £8 a week. If the increase was limited to inflation, the payments would rise by about £2 and £3 a week respectively. A further inflation-plus rise could follow in 2002.

Mr Brown hinted at his concessions yesterday in a fighting speech to the Labour Party conference in Brighton, which was warmly received by delegates who rallied behind the Government after its sudden slide in the opinion polls.

The Chancellor's aides denied he had made a U-turn, saying he had always intended to introduce generous transitional arrangements for all old folk before a new pensioner credit took effect in 2003. The scheme will direct help at low-income and middle-income pensioners but not benefit the top third.

Mr Blair is believed to have pressed for a big rise in the basic pension to repair the damage caused by the 75p increase in April, when the rise was limited to the inflation rate. "It was a Treasury decision and we have a paid a

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heavy price for it; something had to give," one cabinet minister said last night.

Mr Brown's hint of an across-the-board increase was welcomed by trade unions and may enable the Labour leadership to avoid a damaging defeat over pensions tomorrow.

He took a tougher line on demands for a cut in petrol duties, which some ministers are demanding after this month's protests. "This national debate is too important to be decided by those who shout the loudest or push the hardest," he said.

Mr Blair is expected to adopt a similar line when he addresses the conference this afternoon in what will be the most important speech of his life so far as he tries to win back the trust of voters who have deserted Labour.

The Prime Minister will admit that the Government has taken "a knock" and say that he shares people's wish for it to move further and faster. But he will declare: "For me, the large majority was never a reason to do the job quickly but to do it properly. The journey is long term: the choices are hard."

He will say the Tory recovery in the polls provides the opportunity for "fight over the direction of Britain" and a choice between investment in

public services under Labour and tax cuts under the Tories.

Talks were continuing between union leaders and ministers in Brighton last night. But the unions said they would not withdraw their motions calling for the state pension to rise in line with earnings until they received further clarification of Mr Brown's speech.

John Edmonds, leader of the GMB general union, said he was still trying to see through the "smoke and mirrors" of the speech. "But if he is offering a genuine increase in the basic rate, this will go a long way to addressing the need and concerns of Britain's pensioners."

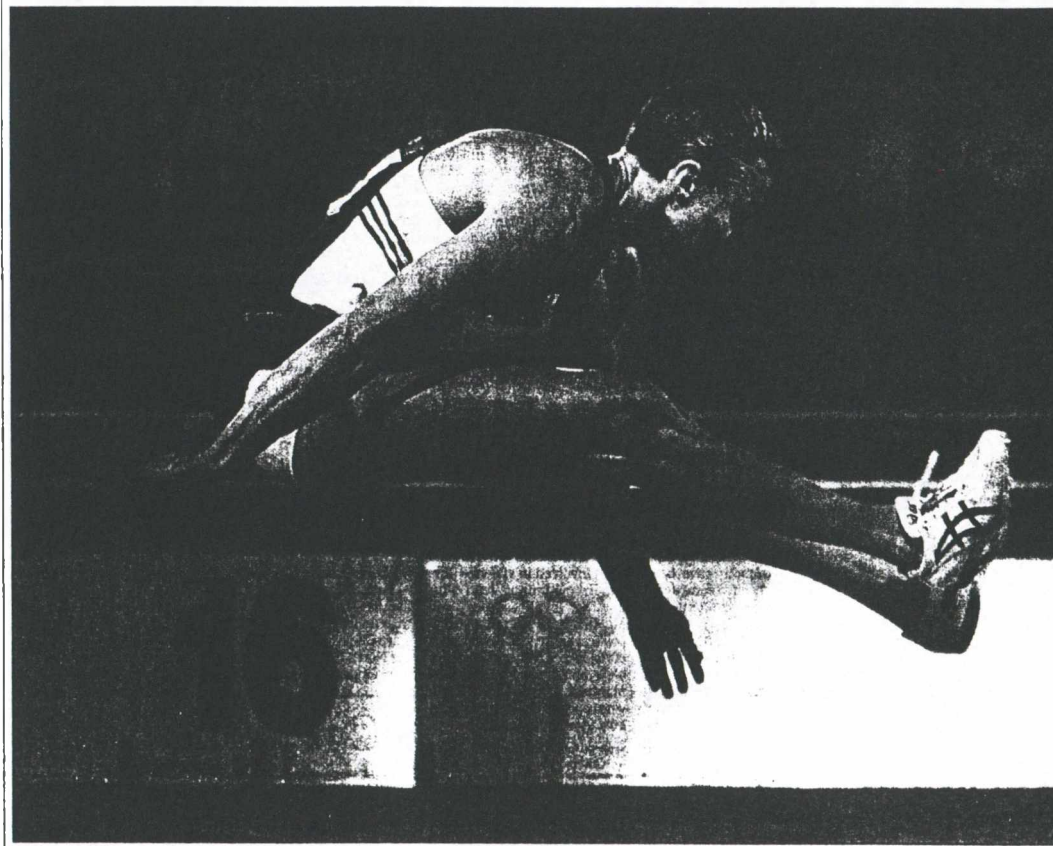
Bill Morris, general secretary of the Transport and General Workers' Union, said Mr Brown's affirmation that the basic state pension "is now and will remain the foundation of everything we do" could be the basis of a peace formula.

Passions boiled over when Jeff Rooker, the pensions minister, was booed and jeered by pensioners as he arrived at a rally of campaigners demanding the restoration of the link between earnings and pensions. He ran the gauntlet of more than 300 senior citizens packed into a fringe meeting in Brighton.

After differences among ministers over pensions and petrol prices threatened to overshadow the conference, John Monks, the TUC general secretary, called for an end to the back-biting and demanded "discipline, self-restraint and maturity from the leadership".

He told another fringe meeting: "We want to make sure the leadership of the Government don't get bogged down in personality or other conflicts, which can only detract from the great course they have set us."

Edwards jumps to victory for sixth British gold



Jonathan Edwards winning the triple jump yesterday. He achieved 17.71 metres, the furthest in the world this year

David Ashdown

JONATHAN EDWARDS matched the heptathlete Denise Lewis by producing a gold medal in the athletics programme yesterday. It was Britain's sixth gold medal at the Games, matching a total last achieved in 1956 in Melbourne.

The 34-year-old from Gateshead earned the triple jump title that most people expected him to get four years ago in Atlanta with a third round effort of 17.71 metres, the furthest in the world this year.

Edwards, a committed Christian who once refused to go to the World Championships, because it meant competing on

BY MIKE ROWBOTTOM
in Sydney

a Sunday, admitted that he thought his chance to win at the Olympics had gone in 1996, when his unbeaten run of 22 victories was ended by home jumper Kenny Harrison.

Edwards - who considered pulling out of the Games earlier this month when his mother-in-law died - secured his medal in front of a 110,000 crowd which had been energised by the earlier victory of Australia's Olympic torch lighter and 400 metres runner Cathy Freeman. In the absence

of France's defending champion Marie-José Pérec, who fled the country in disarray last week, Freeman took her place as one of the great champions in a race which saw Britain's Catharine Merry take bronze. Merry is one of three British athletes coached by former Olympic 100 metres champion Linford Christie, who has not received official accreditation for the main stadium because of the International Amateur Athletic Federation's decision to overturn his clearance on doping charges by UK Athletics.

Kelly Holmes, so badly injured two months ago that she

contemplated retirement, also won an unexpected bronze in the women's 800 metres. Four years ago in Atlanta, Holmes left the stadium on crutches after a vain attempt to earn a medal in the 1500 metres final while suffering from a stress fracture to her leg. "I can't believe what I have done today," she said. "It may be a

bronze, but to me it's a gold." The sailing silver medal won by Ian Barker and Simon Hiscocks in the men's 49ers class took Britain's medal tally for the day to four. Britain's total of 19 (six gold, eight silver, five bronze) is already four more than they managed in 1996.

Full Olympic coverage, pages 24-28



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LABOUR PARTY CONFERENCE

Brown hits back with pledge on pensions

GORDON BROWN hit back at his critics and won over the Labour Party conference yesterday by promising more money for all pensioners while standing firm against demands for a cut in petrol duty.

The Chancellor received one of the warmest responses he has received from a party conference after a combative speech in which he said he was listening to the voters but insisted that he would stick to his long-term economic strategy.

Mr Brown devoted a large section of his speech to pensions, the policy issue that is dominating the Brighton conference in an attempt to head off a defeat for the leadership when it is debated tomorrow.

Although he rejected the calls for the basic state pension to be raised in line with earnings, Mr Brown hinted strongly that his draft Budget in November would include an inflation-plus rise in the basic pension.

He conceded that the Government had "much more to do" on pensions. "We have to do more not just for the poorest but for millions more, all those pensioners who have yet to share enough in the rising prosperity of the country."

"We will build upon the basic state pension. The basic

ECONOMY

By ANDREW GRICE
Political Editor

state pension is now and will remain the foundation of everything we do."

Mr Brown promised that a new pensioner credit, to be introduced in 2003, would direct money at low-income and middle-income pensioners, who would receive more cash each year than would be provided by an inflation-based or earnings-based rise.

In the meantime, there would be transitional arrangements "to the benefit of all pensioners" and he would publish a detailed plan in the next few weeks. Crucially, Mr Brown emphasised the word "all" to point delegates towards a big rise in the basic state pension.

However, the Chancellor insisted the state pension could not be raised in line with earnings. Today, he said, one in six couples retired on an income of more than £400 a week, a figure that in time would rise to one in three.

"It is a progressive principle that we should do more for those who have the greatest needs," he said. "Our priority cannot be that the wealthiest get exactly the same as the

neediest. A flat-rate increase will not do enough to help pensioners on modest incomes and do nothing to diminish growing inequalities but instead reinforce them."

He confirmed that the minimum income guarantee, which now tops up the £67 basic pension to £78 a week for people without other income, would rise to £90.

He reassured the conference by announcing that the Government has asked the

Low Pay Commission to report next year on a rise in the national minimum wage, which could rise from £3.70 to £4 an hour. He promised more family-friendly measures, including action to make it easier for women to win equal pay, better maternity pay and leave, more childcare provision and the right to take time off when a family member was sick.

On fuel, the Chancellor said the Government would do everything possible with

Britain's international partners to ensure that oil production increased and the price of crude oil came down.

In the run up to his Budget, he would listen and make his case to the farmers and hauliers involved in the fuel protests. But he said he would also listen to nurses, health workers, teachers and public servants and those who depended on public services.

He promised that future Budgets would include "tar-

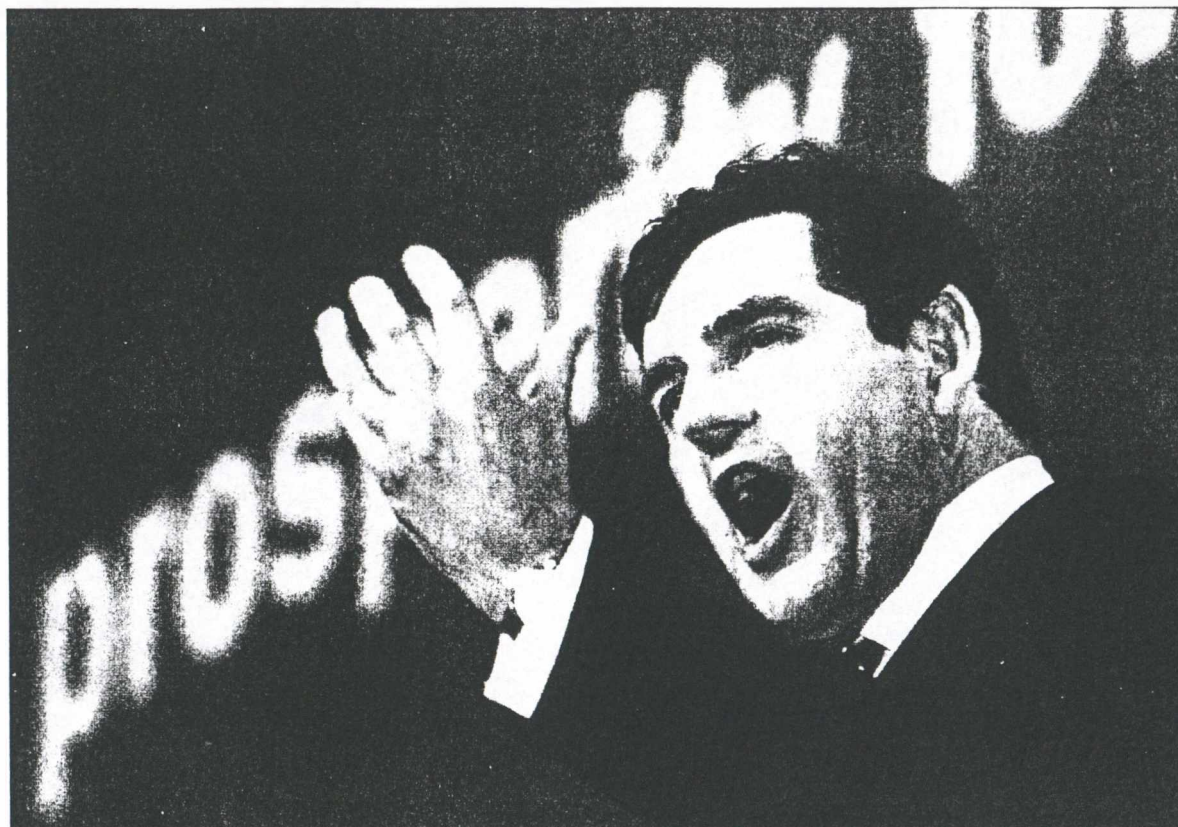
geted tax cuts" rather than the "blanket, irresponsible" cuts offered by the Tories which, he said, would put the long-term future of public services at risk. He called for a "great national debate" on "the choice" on tax and spending.

The Chancellor also heralded the prospect of tax cuts to boost enterprise in deprived areas.

By next year 250,000 young people would have moved from welfare into work, Mr Brown

said the prospect of full employment in a generation and Labour's boost for public services "did not just happen - the priorities and tough decisions of a Labour government made them happen."

He went on: "We will not return to the old short-termism. There will be no sudden lurches in tax or spending policy. And there will be no irresponsible pre-election sprees or pay demands that put youth jobs or any jobs at risk."



Gordon Brown addresses the conference yesterday. Delegates were impressed by his combative performance

David Sandison